



state senator
Bob Jackman

2006 LEGISLATIVE UPDATE

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Telecom Law Could Save Money on Cable Bills

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the General Assembly made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana will see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price. It contains two major provisions:

Statewide Video Franchising - Following the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known as statewide video franchising, this process will result in more video competition and lower prices for consumers. Since September, when Texas statewide franchising went into effect, more 120 franchises have been granted to competing companies.

HEA 1279 will eliminate the current virtual monopoly of cable providers and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

Telephone deregulation - A recent survey of CEOs in Site Selection Magazine showed that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009.

The new law also contains protection for low-income Hoosiers. HEA 1279 establishes the Indiana "Life Line" program that provides discounted telephone rates to Hoosiers below 150 percent of the federal poverty level. This is

a supplement to the federal program, which aids consumers with a household income below 135 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

This legislation was a rare opportunity to create 20,000 new jobs and \$7 billion in investment in Indiana. And that is an opportunity that can't be passed up.



Senator Jackman discusses legislation on the Senate floor with Senator Brent Steele (R-Bedford).



SENATOR BOB JACKMAN

serving district 42: Shelby, Rush, franklin, fayette, and decatur counties

2006 LEGISLATIVE UPDATE



Property Tax Dilemma:

Immediate Relief, Plan for Permanent Solution

Across the state, there is a strong desire to decrease local governments' reliance on property taxes, but there is a problem. In order to eliminate more than \$5 billion in revenue, we must find a new source of funding. This year, the Senate came up with a plan that would lower property taxes and replace that lost revenue with a more equitable tax. Unfortunately, the plan did not become law.

Statistics show that Indiana ranks among the worst in the nation in reliance on property taxes to fund local government. Indiana funds 89 percent of local government with property taxes. The national average is 78 percent and falling. That makes Indiana the 15th worst property tax state in the nation.

Also, Indiana is 14th worst in the nation in reliance upon property taxes in relation to sales and income tax. Property taxes provide 37.2 percent of income from "the big three" compared to national average of 32.4 percent and falling.

"I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future."

Property taxes, which are levied and collected by local — not state — government, fund local entities such as schools, libraries, and fire departments. It's no secret that the property tax is often unfair. It affects seniors, small business owners and farmers more than it affects people who can afford to pay the tax. The Senate plan to permanently lower property taxes replaces the unfair property tax with a more equitable income tax.

Under the plan, local elected officials in each county would take two votes. The first, an incremental income tax increase estimated at less than one percent, would stop the growth of property taxes and freeze them at current levels. The second, an additional one percent, would actually lower property taxes by an average of 20 percent or more.

Instead of passing this long-term relief, the General Assembly this year approved \$100 million in immediate relief. This money will lower property tax increases this year, giving taxpayers a quick break. I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future.

Also, I offered an amendment to this bill to eliminate the state dog tax. This law has been on the books since the 19th century and was originally implemented to subsidize farmers for money lost by dogs destroying livestock. Counties can now implement this tax, and part of it will still go to animal shelters and the Purdue University School of Veterinary Science for canine research and education. This provision eliminates the cumbersome handling procedures of the dog tax funds that were previously in the statute. Most Hoosiers are unaware of this tax because the difficult method of collection, low amount of funds and inefficiency often left the tax ignored. This will allow counties to create funds for animal control and eliminate an ignored state law.

In conclusion, I am glad that we were able to provide property tax relief this year and I am pleased with my amendment eliminating the out-dated dog tax. I hope, however, that next year we can implement the solution I explained here or a similar one to provide real, tangible, long-term property tax relief to Hoosiers.

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Legislation I Authored
This Session

Senate Resolution 3 - I am proud to have co-authored this resolution encouraging clergy at the Statehouse to pray according to the dictates of their conscience and thus ensuring religious liberty. I was disappointed by the recent federal court ruling in which Judge David Hamilton specifically forbids the use of the name 'Jesus Christ', which places one religion over another. Our First Amendment rights protect this free speech. I fully support members of the clergy and others who lead any house of the General Assembly to pray according to the dictates of their conscience.

Senate Enrolled Act 86 - This legislation streamlines rules concerning race horses and medications. This bill is a national initiative supported by the American Association of Equine Practitioners that would re-write the statutes for race horses and medications. Fifteen states have already passed this legislation, including Illinois, Michigan, Ohio and Pennsylvania. This levels the playing field for pari-mutuel events and will allow trainers and horsemen to know the rules as they move from one racing jurisdiction to another.

Senate Enrolled Act 87 - This bill clarifies rules and operations concerning the Department of Agriculture, Department of Energy, Office of Rural Affairs that were created last session. These offices are all vital to our state's economic comeback, and this legislation helps them operate more efficiently.

Senate Enrolled Act 100 - I was proud to author this bill concerning charity gaming. The bill shifts responsibility for this activity from the Department of Revenue to the Gaming Commission. Additionally, this bill provides clarifications and various changes concerning charity gaming laws. Most importantly, this bill allows religious organizations and other non-profit groups to operate up to five charity gaming events per year with only being require to obtain one permit. Previously, these groups had to obtain a permit for each event which lead to added costs and frustration.

MAJOR MOVES:
Taking Advantage of a Major Opportunity for Indiana

For years, Indiana has habitually approved almost any road project that is requested with a promise that it will get done "eventually." This resulted in \$2.8 billion of unfunded road projects across the state. With the passage of Major Moves, House Enrolled Act 1008, the General Assembly ensured the state's 10-year road plan will be funded, the Interstate 69 extension will get started, future generations will have money for roads and thousands of jobs will be created across the state.

The crux of the plan — leasing the Indiana Toll Road to private investors — drew attention, praise and criticism in the 10-week legislative session, but in the end, I believe the benefits of the deal outweighed any negatives that were mentioned.

The lease that was ratified through HEA 1008 was a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian consortium that operates toll roads all over the world. Supported by business leaders and unions alike, the \$3.8 billion lease and the interest it accrues will pay for the state's road projects, creating — according to some estimates — more than 130,000 jobs. An additional \$150 million will also be distributed to counties for local road projects.

In exchange for an up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. The consortium has also agreed to make improvements to the road — estimated at \$4.4 billion — and fund 25 additional State Troopers and a new state police post along the Interstate. The lease agreement and HEA 1008 dictate that SMP must meet federal

standards on items such as traffic flow and snow removal. Indiana also listed its own requirements for maintenance issues such as filling pot holes, removing dead animals, and taking care of other hazards.

In addition to the toll road portion of the law, HEA 1008 also addresses another major road: Interstate 69. The previous timeline for extending I-69 from Indianapolis to Evansville, set by previous administrations, had construction beginning in 2017. That is simply unworkable. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and be

completed by 2018. Under the plan, the governor could enter into a Public-Private Partnership (P3) to help build I-69 from Evansville to Martinsville as a toll road. However, tolls from Martinsville to Indianapolis must be approved by the legislature. Additionally, if the administration wants the north end

of the road to remain in Perry Township in Indianapolis, the General Assembly must also give approval.

Another important part of the deal is a \$500 million Next Generation Trust Fund. Every five years, the state will take the interest the trust fund accrues and deposit it into the Major Moves construction fund. The initial \$500 million, however, will be protected and not spent.

As Governor Mitch Daniels has said, a top-tier economy requires a top-tier infrastructure. Indiana is striving to have an economy that is the envy of the nation, but we can't do so without a road system that also draws envy. Major Moves completes those goals, and I am proud to say I supported it.



Senator Jackman visits with pages, Samantha Herbert and Amanda Churney.

Here's a breakdown of how our area benefits. The counties will receive this amount for 2006 and 2007.

Rush County	\$ 509,632.00
Shelby County	\$ 713,227.50
Decatur County	\$ 517,425.00
Fayette County	\$ 386,884.50
Franklin County	\$ 437,430.00

EMINENT
DOMAIN:
PROTECTING HOOSIER PROPERTY
OWNERS

The right to own property is fundamental to the American way of life. We are all familiar with the concept of "life, liberty, and the pursuit of happiness" set out in our Declaration of Independence. However, at the time the Declaration was issued, many Americans listed such basic God-given human rights as "life, liberty and property."

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In Kelo v. City of New London, the court said that government may "take" private property for economic development. In other words, as then-Justice Sandra Day O'Connor wrote, "Nothing is to prevent the state from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

The Supreme Court, however, left a loophole, saying legislatures may further restrict the use of eminent domain. This year, the General Assembly did exactly that.

This summer, Indiana created an Eminent Domain Study Committee to look at Indiana's property rights laws to see how they could be improved. Many of their conclusions are now in the form of House Enrolled Act 1010.



Senator Jackman asks a question about a bill during a committee hearing.

Perhaps most importantly, the new law requires the reason for using eminent domain be something that benefits the public. Thus, eminent domain can be used for a legitimate government purpose-but not simply to increase a local government's tax base.

The new law does several other things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time; requiring just compensation for Hoosier property owners; and mandating good-faith negotiations between the condemner and the property owner.

When used appropriately, eminent domain is an important tool that can help provide anything from roads to parks to schools for public use. HEA 1010 ensures that this tool is not abused at the expense of Hoosiers' right to own private property.

Clean Indiana Energy II:
Indiana a National Leader in Alternative Energy Production

In the 2005 legislative session, our Clean Indiana Energy bill put Indiana at the forefront as a leader in new fuel technology. Currently, six ethanol plants have broken ground in Indiana with another 18 on the drawing board.

This is a growing industry. Other states are starting to see the benefits of investing in alternative fuels, which is why I co-authored Clean Indiana Energy II, Senate Enrolled Act 353, to ensure Indiana remains a leader in this area.

SEA 353 establishes a \$50 million tax credit, up from \$20 million, for new ethanol and/or biodiesel production facilities. Ethanol production plants cost approximately \$79 million or more to build, and the companies don't receive tax breaks until they are making a profit in our state.

Ethanol and biodiesel production has a very positive impact on Indiana farmers. Indiana is the fifth largest state in corn production and fourth largest in soybeans. These are the two key dynamics associated with ethanol/biodiesel production. Currently, Indiana sends nearly 50 percent of corn and soybean productions out of state with no values added. This is the least profitable form of sale for farmers. It is esti-

mated that farmers contracting with ethanol or biodiesel plants will gain an additional 5 cents to 10 cents per bushel.

SEA 353 also establishes a retail tax credit of 10 cents per gallon of E85 fuel sold to consumers, up to a maximum of \$2 million over the next two years. If retailers reach the maximum credit, then Indiana will have sold over 20 million gallons of E85 in two years. This is a great incentive for retailers to encourage consumers to purchase E85 fuels.



Indiana is leading the nation with the most E85 fueling stations. Our goal is to double our current numbers for a total of 40 E85 fueling stations in the state of Indiana at the end of 2006.

SEA 353 also extends the current B20 retail tax credit through 2010 and requires the Indiana Economic Development Corporation to work with GPS software companies to include E85 fueling stations on GPS software.

This is amazing progress in such a short period of time. I am very proud of the fact that Indiana is leading the nation in this industry, and this legislation will only add to our advantage.